

HOUSE BILL NO. 284

BY REPRESENTATIVE KLECKLEY

AN ACT

To amend and reenact R.S. 22:584(D)(1), relative to domestic insurers; to provide with respect to investment in securities by such insurers; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:584(D)(1) is hereby amended and reenacted to read as follows:

§584. Investments in securities

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D. Any domestic insurer, in addition to the investments permitted by Subsection A of this Section, may invest an amount equal to its capital and surplus if it is a stock company, and, if it is a company other than stock, it may invest an amount equal to its surplus over all liabilities as follows:

(1)(a)(i) In shares of capital stock, American Depositary Receipts listed on a national securities exchange, including the National Association of Securities Dealers Automated Quotations (NASDAQ), bonds, securities, or other evidences of indebtedness of any solvent corporation (other than a corporation engaged solely in the business of operating real estate or a corporation having substantially all of its assets invested in the shares of such corporation except as specifically provided in Item (ii) of this Subparagraph) created under the laws of the United States, or the states of the United States, or the District of Columbia, or a foreign corporation whose stock is listed on ~~the New York Stock Exchange or the American Stock Exchange~~, a national securities exchange, including NASDAQ, provided that such insurer may not, except in the case of shares permitted by Paragraph (9) of Subsection A of this Section, invest in the shares or American Depositary Receipts

1 of a ~~manufacturing~~ corporation, ~~commonly known as "industrial"~~, unless such
2 corporation is listed on a national securities exchange, including NASDAQ, at the
3 time of the investment or has earned during any three years of the five-year period
4 next preceding the date of the investment, a sum applicable to dividends equal in the
5 aggregate to not less than twelve percent of the par value (or, in the case of shares
6 having no par value, the issued value) of its outstanding shares, or if such shares
7 have been issued less than five years, has earned a sum applicable to dividends
8 during the tenure of such issue, equal to not less than four percent per annum of the
9 par value, (or, in the case of shares having no par value, the issued value) of its
10 outstanding shares.

11 (ii) In the stock of a real estate investment trust (REIT) whose stock is listed
12 on the New York Stock Exchange, ~~or the American Stock Exchange, or NASDAQ~~,
13 provided such investment shall not exceed five percent of the total number of shares
14 of any one such trust and that not more than two percent of its admitted assets are
15 invested in shares of any one such trust. Shares in each such trust which has over
16 one-half of its assets invested in ownership of real estate or which has such
17 ownership as its stated investment objective shall be considered real estate
18 investment for purposes of conforming with the limitation on real estate ownership
19 imposed by Subsection G of this Section.

20 (b) Such insurers shall not invest more than five percent of its admitted
21 assets in the shares of any one ~~such manufacturing~~ corporation. Such insurers may
22 acquire the stock or other share capital of another insurer but shall not invest more
23 than fifty percent of said funds, directly or indirectly, in shares of another insurer,
24 nor shall such insurer acquire the whole or any part of the stock or other share capital
25 of another insurer which transacts the same kind or kinds of insurance where the
26 effect of such acquisition may be to substantially lessen competition generally or
27 tend to create a monopoly. Investing in the stocks, bonds, or other evidence of
28 indebtedness of any corporation, a substantial portion of whose funds are invested
29 directly or indirectly in the shares of insurance companies, shall be regarded as
30 investing indirectly in such shares. Whenever the commissioner of insurance has

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____